

Lowdown on Eagle silver

By Roger Boye

This week's column answers questions about the American Eagle silver dollar, Uncle Sam's newest bullion coin set to debut on Monday.

Q—I bought two American Eagle gold pieces, but now I'm told there'll also be a silver coin. Is it a last-minute addition?

A—Definitely not. In mid-1985, lawmakers in Washington authorized production of the silver dollar, nearly six months before they passed a gold-coin bill. But for a variety of reasons, Treasury officials decided to launch the gold program first.

Q—Will the silver coins come in four sizes like the gold American Eagle?

A—No. The U.S. Mint will issue just one variety, a .999-fine silver coin weighing one troy ounce and carrying a face value of \$1. It'll also be called an American Eagle.

Q—Will I be able to buy the coins locally or must I order them from the government?

A—Starting on Monday, Uncle Sam will sell uncirculated silver dollars to 28 wholesale distributors who, in turn, will send the coins through a vast network of coin dealers and financial institutions for sale to individual investors.

Most local coin shops handling gold Eagles also will market the silver coins.

Q—How much will I pay?

A—Probably from \$7.50 to \$10 per coin, based on current precious-metal prices. That amount includes the value of the

silver [about \$5.75 at present] plus a premium of from \$2 to \$5 per coin for minting and distribution costs, among other things. Also, you'll pay no Illinois sales tax on the dollars.

Q—Will all coin stores charge the same premium?

A—Not necessarily, because the government intends to let the marketplace set prices. Thus, as with gold Eagles, it may be worth your time to shop around.

Q—Will there be enough coins available next week to fill all orders from wholesalers? I remember that the gold Eagle coins sold out after just two days when the government first released them in October.

A—Treasury officials have roughly one million silver dollars in inventory, but many experts predict a quick sell-out, perhaps by Wednesday.

However, the U.S. Mint intends to produce and sell thousands of silver Eagles each week, presumably for years to come. The supply of coins eventually should exceed demand.

Q—Do you think the silver Eagles will make a good investment? Will a 1986-dated specimen become rare?

A—In general, the coins are a play on the silver market. If the price of silver rises after you buy some coins, your investment should increase in value.

No one knows yet how many 1986-dated coins will be made, but the number probably will be quite large. If so, the coins will trade for their metal content, not as numismatic collectibles.

Q—If I decide to unload my



The new U.S. American Eagle, a .999-fine silver coin weighing one troy ounce, carries a face value of \$1.

silver dollars in a year or two, where would I find a buyer?

A—Most dealers selling the coins also will buy them back. The widespread distribution network is supposed to assure an on-going, two-way market.

Q—You say that local dealers will sell uncirculated silver Eagles. But where could I go to buy proof specimens for my coin collection?

A—The federal government is offering 1986-dated proof dollars for \$21 each. To order, send a check to the United States Mint, P.O. Box 13627, Philadelphia, Pa. 19101-3627.

Hurry; your order must be postmarked on or before Dec. 1. Remember that the coins won't be mailed until January at the earliest and that there's no order limit.

Q—Is the American Eagle the first such bullion coin in U.S. history?

A—Yes. The U.S. Treasury issued silver "trade dollars" in the late 1800s for use in the Orient. Those items circulated by their silver weight, but they weren't "bullion coins" by today's standards.

Q—Why did the government wait until now to issue bullion silver?

A—Lawmakers wanted a convenient and efficient way to reduce national stockpiles of silver—which total more than 100 million ounces—without creating havoc in the silver market. Metal used in production of the dollars must come from U.S. government hoards.

• • •

Time is running out to buy special Bicentennial coin sets from the U.S. Mint.

After Dec. 31, workers will melt all unsold silver pieces dated 1776-1976 that remain in government vaults.

Mint staffers first offered the three-coin uncirculated sets in 1974 to help commemorate the 1976 Bicentennial of the American Revolution.

To order a silver quarter, half dollar and dollar coin, send \$9 to the United States Mint, P.O. Box 13316, Philadelphia, Pa. 19101. Each set contains .54 of an ounce of silver, worth about \$3 at current precious-metal prices.